



Town of Arlington, Massachusetts
730 Massachusetts Ave., Arlington, MA 02476
Phone: 781-316-3000

webmaster@town.arlington.ma.us

Minutes 02/17/2011

V2020 FISCAL RESOURCES TASK GROUP
 Meeting Minutes 2/17/11

ATTENDEES: Gordon Jamieson (Chair), Heather Remoff, Pete Howard
 VISITORS: Selectmen Mary Winstanley O'Connor, Jim Doherty

2. WARRANT ARTICLE Gordon presented the article (Reserve Fund Policy) to the Finance Committee. He answered numerous questions, especially on the rational for our suggestion of 10% of the budget. Although the FinCom voted no action, they are discussing how big the Reserve Fund should be.

3. MY TAX DOLLARS Gordon has discussed w/ Deputy Town Manager.

4. LAND VALUE TAX Gordon led the group through the questions drafted by Heather and Charlie. Mary & Jim addressed the questions with colorful illustrations and diversions. The following summary is an attempt to capture the gist of the discussion.

Does the 2 1/2% restriction on raising property taxes pertain only to an aggregate rise in taxes? Yes

As long as the average increase is no higher than 2 1/2% a year, could individual properties be subject to paying either lower or higher taxes than their current assessments? The assessment on a property is based of "full market value" which considers both the replacement value of the building and the location. The tax is the tax rate times the assessment. If the property has had an improvement requiring a building permit, this will also affect the assessment. This is called "new growth" and is exempted from the 2 1/2% limit in the first year.

Is the current policy of reassessments occurring every three years set by state law? Yes

Is the physical examination and reassessment that occurs every nine years mandated by state law? Yes

What factors do you consider when conducting the three year assessment Comparable residential sales figures. The revision is done using software provided by Patriot Properties, the same firm that does the full, 9 year, reassessment.

What factors go into determining commercial property values? Assessment of commercial properties is based on the rents generated. Land owners provide certified statements of rental income. In response to our observation that this approach tends to isolate the commercial property tax from the improvement in business climate in recent years, they stated that there had been no improvement; most business are small and barely surviving. There is lots of turnover which keeps rents low. They stated that treating apartment buildings as residences, not businesses, is an inequity that they would like to fix. They implied that a change would increase the town's tax revenue substantially.

What factors do you consider when doing the nine year assessment? Professional assessors judge the replacement value of the property. The location is also an important consideration. The variation between assessments of similar properties must be small in order for the entire town reassessment to be approved by the state. If the owner refuses to allow the assessor to come in, the Board of Assessors will not consider an abatement on that property. Most of the change come from small improvements on many buildings (decks, dormers, additions).

In conducting an appraisal, what percentage of the final value is attributed to land value? The land value is the sale value of the property minus the replacement value of the building.

Is this a uniform percentage throughout Arlington? It varies depending on the neighborhood.

We understand that you use a highly regarded outside firm to conduct our assessments. What is your working relationship with Patriot Properties? They provide the skilled manpower needed to carry out the on site assessments.

The Assessor's office supports this work with notices and question answering. How many people are employed in Arlington's Assessor's office? 3.5 What are the biggest demands on their time? They maintain the records using building permit inputs & input from Patriot Properties. They also answer questions from the residents, and schedule abatement hearings.

Land Value Tax: Mary & Jim stated that having two tax rates, one for buildings and one for land would require a change in state law. Since a change of this kind would affect the perceived equity between communities, they think establishing a LVT system through home rule legislation most unlikely. They suggested that either the Lincoln Institute or the Massachusetts Association Of Assessment Officials might be willing to support a study by CSE. Jim will provide contact info.

The goal of higher density (smart growth) is not popular in Arlington where many people settle to avoid city living.

5. Five Year Plan Retrospective Report Not discussed.

6. Additional topics of discussion (time permitting)

- Revolving funds (town and school) as a source of 'reserves'
- Quarterly W/S billing redux .. Community preservation act enactment
- Regionalization of service sets

7. NEXT MEETING - Thu March 17 at 7.30pm - Location Town Hall Annex-1st Floor

FUTURE MEETINGS: Will be monthly on 3d Thursday unless otherwise scheduled. Members should set aside
4/21, 5/19